

NEWS RELEASE

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For Immediate Release
April 1, 2005

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Third Defendant Pleads Guilty in \$21 Million Racketeering Conspiracy and Investment Fraud Scheme

Peoria, IL - The United States Attorney for the Central District of Illinois, Jan Paul Miller, announced that Wendell S. Gates, now known as Jason Steward, age 44, of Florida, entered a plea of guilty today to his role in an investment fraud scheme. Gates' trial on the charges had been scheduled to begin Monday, April 4, 2005, before U.S. District Judge Michael Mihm. Gates' co-defendants, Peter J. Zaccagnino III, age 44, and his wife, Gigi Anne Zaccagnino, age 45, both of California, had previously pled guilty on March 2, and March 23, 2005, respectively, to the scheme which defrauded investors in the U.S. and Canada, including some central Illinois residents, of more than \$21 million over a period of six years.

The Zaccagninos pled guilty to conspiring to defraud more than 400 investors of more than \$21 million in a "Ponzi" scheme, using funds from new investors to pay earlier investors and to support lavish lifestyles which included luxury homes and automobiles.

Peter Zaccagnino pled guilty to the charges as presented in the superseding indictment. Gigi Zaccagnino pled guilty to count one of the superseding indictment, the RICO conspiracy, one count of conspiracy to commit mail fraud and wire fraud and one count of conspiracy to commit money laundering. Gates entered a guilty plea to the RICO conspiracy charge and one count of conspiracy to commit money laundering. The three defendants also have agreed to forfeiture of their interests in property involved in the offenses of conviction.

Sentencing for the three defendants has been scheduled to begin on August 11, 2005, in federal court in Peoria. The defendants remain detained in the custody of the U.S. Marshals Service pending sentencing.

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At sentencing, the maximum statutory penalty for the offense of RICO conspiracy is up to 20 years imprisonment with additional penalties for other charges as applicable to each defendant.

In separate court proceedings, the defendants have admitted to conspiring to market fictitious high-yield investment programs, including prime bank notes and offshore investments. One program, known as New Millennium Management, was marketed in Peoria in October 1999, when Peter and Gigi Zaccagnino met with prospective investors. At the meeting, Peter Zaccagnino told investors that he had a Florida corporation known as New Millennium Management and described Wendall Gates as his partner in the corporation.

Through New Millennium Management, representations were made to investors that they were guaranteed a return of eight percent per year, but were told they could expect 15 to 100 percent every 35 to 40 days, depending on the program into which their funds were placed. In January 2000, New Millennium accounts were restrained, and in April 2002, New Millennium filed bankruptcy in Florida.

During the period of the scheme, from June 1997 until October 2003, when the defendants were arrested, Peter Zaccagnino admitted that he engaged in a continuous pattern of fraudulent activity and that he was the organizer and leader of a criminal enterprise involving five or more participants. Under his direction, Gigi served as an officer of various entities, held signature authority for various bank accounts; prepared and notarized documents in the fraudulent sale of investments, and transferred illegal proceeds. Gates, a long-time friend of Peter Zaccagnino, served as president and sole shareholder of New Millennium Management, with signatory authority on all New Millennium accounts and sole signatory authority on the corporation's primary account.

The charges are the result of an investigation by the Internal Revenue Service's Criminal Investigation Division and the U.S. Postal Inspection Service. The case is being prosecuted by Assistant U.S. Attorney Darilynn J. Knauss of the U.S. Attorney's Office's Peoria division.